

Community Financial Access Pilot (CFAP)

The Community Financial Access Pilot (CFAP) is an initiative of the U.S. Department of Treasury's Office of Financial Education, endorsed by the President's Advisory Council on Financial Literacy, designed to increase access to financial services and financial education for low- and moderate income families and individuals. Best practices learned from around the country will be shared with participating communities to help them build sustainable approaches to expand financial access among community residents. Lessons learned from the pilot communities will be shared across the country so more communities can develop similar effective approaches.

Background

Ensuring that all Americans who wish to participate in the nation's strong and diverse financial system has long been a topic of importance to the Department of the Treasury. At a minimum, approximately 10 million households (9%) currently lack a bank or credit union account. These households are more likely to: pay more for financial services such as check cashing and bill payment; be at higher risk of theft and robbery; have a harder time building assets such as buying a home, saving for education, or obtaining a small business loan; have a harder time handling financial emergencies; and do not fully benefit from local and national economies. In addition, it is estimated that 30 to 50 million other Americans have a traditional account, but use alternative financial service providers, such as check cashers and money wiring services, often incurring significantly higher costs and greater risk, than using financial products and services from a financial institution.

Objectives

The goal of the *Community Financial Access Pilot* is to increase access to financial services and financial education for low- and moderate-income people. The U.S. Department of Treasury will implement best practices learned from Treasury's First Accounts Program and the Financial Literacy and Education Commission's Regional Conferences on Reaching the Unbanked. Community Consultants (Treasury staff) will provide assistance to approximately six to eight demonstration sites to implement community initiatives. At the conclusion of the pilot Treasury will release to the public information on effective practices.

- In each pilot site, the Community Consultants will assess community needs, facilitate partnerships, work with local organizations to develop appropriate financial products, and implement financial education services.
- The pilot is expected to be implemented between June 2008 and September 2009, with results and data analysis available by December 2009.
- The Office of Financial Education consulted with other federal agencies, non-profit organizations, and financial institutions, to identify locations for the pilot. The selected sites will include urban, suburban, and rural communities with

low- and moderate-income populations needing financial education and financial access.

- The pilot is designed to build local capacity to continue the initiative even after the end of the pilot.